Permanent charitable endowment: example deed

Example outline for a community endowment, following the principles of a perpetual endowment (waqf). Version 0.1.

> For information only. This is an example outline to show the shape of the document, not a document ready to sign, and not legal or tax advice. The law differs between England and Wales, Scotland, Northern Ireland and other countries. Have a qualified solicitor draft or review the final version, and check charity and tax registration with the Charity Commission (or your regulator) and HMRC, before anyone signs, gives or relies on it. Replace every [bracketed] item.

1. Parties and date

Date of this deed

Founder or founders (the person or people giving the first endowment)

The charity (name, and registered charity number once registered (for example a CIO))

Trustees (full names and addresses)

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2. The endowment

1. The founder gives the property listed in the schedule to the charity, to be held as a permanent endowment.
2. The endowed property (the principal) is given for good. It may not be spent, given away, sold for spending, mortgaged or used as security.
3. The principal may only be exchanged for property of equal or greater value, where the trustees decide this protects or increases the endowment, the exchange is recorded, and any professional advice required by law has been taken.
4. Further gifts may be added to the endowment on the same terms, if the giver says so in writing.

3. Purposes and beneficiaries

1. The purposes are: [for example, the relief of poverty, the advancement of education and the support of young people] in [area of benefit].
2. Only the income of the endowment may be used for these purposes.

3. If a purpose can no longer be carried out, the income is applied to the closest charitable purpose, as the law allows.

4. Income

1. Each year the trustees pay [__]% of the net income as grants for the purposes, and add the rest to the endowment to protect its value.
2. The trustees may change these shares by resolution, within the limits of charity law and this deed.
3. Grants are paid only to vetted charities, causes or individuals in need, under a written grant policy.

5. Investment

1. The trustees invest the endowment only in investments that pay no interest and follow the faith principles set out in the schedule, as confirmed by [named advisory board or scholar].
2. The trustees follow the charity regulator's investment guidance, take advice where required, and review the investments at least once a year.
3. The trustees keep enough money easy to reach to pay grants on time.

6. Trustees and governance

1. There must be at least [three] trustees, chosen for their skills.
2. Every payment is approved by two trustees.
3. The accounts are independently examined or audited every year and shared with supporters.
4. Trustees declare any conflict of interest and take no part in that decision.

7. Signatures

Signed as a deed by the founder (with a witness's name, address and signature)

Signed by each trustee (with a witness for each)

Schedule

Property given (amount of money, or description of the property)

Faith principles for investment
